

Message Text

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PAGE 01 NEW DE 07506 01 OF 02 131631Z
ACTION NEA-11

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R 120842Z MAY 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 1563

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 7506

STADIS//////////

FOLLOWING RECD FROM BOMBAY DATED MAY 11, 1978 SENT NEW DELHI
BEING RPTD TO YOU.

QUOTE

C O N F I D E N T I A L SECTION 1 OF 2 BOMBAY 1150

E.O. 11652 GDS
TAGS: MNUC, PARM, TECH, IN
SUBJ: INDO-AMERICAN NUCLEAR RELATIONS

1. I HAD TWO OCCASIONS THIS WEEK TO REVIEW WITH IAEC CHAIRMAN
SETHNA A NUMBER OF OUR PROBLEMS IN NUCLEAR COOPERATION. HE WAS
PLEASED WITH THE GE TEAM'S VISIT AND BY OUR ACTION INCONSULTING
THE IAEC BEFORE MAKING ANY PUBLIC STATEMENT ON FRANCO INDIAN
NUCLEAR COOPERATION.

2. HOWEVER, HE SAID THAT HE WAS NEAR WIT'S END IN TRYING TO FIND
SOME AVENUE FOR KEEPING OPEN THE 1963 INDO-AMERICAN COOPERATION
AGREEMENT. HE FOUND THAT THE NRC DECISION AGAINST APPROVAL OF
THE XSNM 1060 FOR TARAPUR WAS A SHARP SETBACK. FIRST THE
LANGUAGE OF THE BRADFORD/GILINSKY MEMORANDUM RAISED THE
CONFRONTATIONAL LEVEL AND PERHAPS MORE IMPORTANTLY THE REMARKS
ABOUT THE DURABILITY OF PRIME MINISTER DESAI'S NO-PNE PLEDGE
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PAGE 02 NEW DE 07506 01 OF 02 131631Z

MAY WELL BE TAKEN AS A PERSONAL AFRONT BY THE PRIME MINISTER.

3. SETHNA ALSO SAID THAT INDIAN OFFICIALS HAD BEEN FURTHER
DISMAYED BY CONTINUING SERIES OF NRC ACTIONS THAT SEEMED
HIGHLY DISCRIMINATORY AGAINST INDIA. HE CITED FIRST THE
DECISION TO PERMIT JAPAN TO REPROCESS US SPENT FUEL
(ACTUALLY OF COURSE THIS WAS AN EXECUTIVE BRANCH AND NOT

NRC DECISION), SECONDLY THE RUSH TO APPROVE SHIPMENTS OF ENRICHED URANIUM TO EUROPEAN COUNTRIES WHO HAD REFUSED TO COMMIT THEMSELVES TO RENEGOTIATION OF THE URATOM BILATERAL, AND THIRDLY THE APPROVAL OF A FULL CHARGE OF FUEL FOR A 600 MEGAWATT REACTOR FOR BRAZIL. SETHNA CLAIMS THAT BRAZIL IS NOT AN NPT SIGNATORY AND NOTED THAT BRAZIL HAS CONTRACTED FOR BOTH ENRICHMENT AND REPROCESSING TECHNOLOGY.

4. SETHNA REVIEWED WITH ME THE NRC COMMISSIONERS MEMORANDA ISSUED AT THE TIME OF THE TIE-VOTE ON XSNM 1060. HE SAID HE WANTED TO BE QUIRE CERTAIN OF HIS INTERPRETATION OF THESE DOCUMENTS AS THEY WOULD BE DISCUSSED IN MEETINGS IN NEW DELHI LATE THIS WEEK IN PREPARATION FOR PRIME MINISTER'S VISIT TO THE US. AS MIGHT BE EXPECTED, HE WAS PLEASED WITH COMMISSIONER KENNEDY'S STATEMENT WHICH HE THOUGH REFLECTED A PROPER VIEW OF THE INDIAN PERFORMANCE UNDER THE BILATERAL. HE DID, HOWEVER, CLAIM THAT KENNEDY IS WRONG IN CITING ARTICLE VIII C AS COMMITTING INDIA TO RETURN ANY NUCLEAR MATEIALS IN CASE OF TERMINATION OF THE COOPERATION AGREEMENT. SETHNA SAID THAT THE CLAUSE CITED BY KENNEDY IS IN FACT PASSE BECAUSE IN HIS VIEW IT REFERRED ONLY TO A CONDITION THAT MIGHT HAVE ARISEN HAD THE US AND THE IAEA BEEN UNABLE TO AGREE ON A MECHANISM FOR INSTALLATION OF BILATERAL SAFEGUARDS.

5. SETHNA SAID THAT THE WORST FEATURE OF THE BRADFORD/
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PAGE 03 NEW DE 07506 01 OF 02 131631Z

GILINSKY MEMORANDUM WAS THEIR FINDING OF INSUFFICIENCY REGARDING THE NO-PNE PLEDGE. SETHNA BELIEVES THAT FOR A POLITICIAN MORARJI IS UNBELIEVABLE SENSITIVE TO ANY REMARK THAT HE TAKES AS QUESTIONING HIS BASIC MORALITY. THIS KIND OF APPROACH IN SETHNA'S VIEW WILL MAKE IT MORE DIFFICULT FOR THE PRIME MINISTER TO BE CONCILIATORY EVEN THOUGH SETHNA THINKS THAT MORARJI IS INCLINED TO GO A LONG WAY IN TRYING TO FIND AN ACCOMMODATION WITH THE US ON THE NUCLEAR ISSUE.

6. SETHNA SAID HE IS CONTINUING HIS OWN SEARCH FOR SOME WAY TO KEEP THE INDO-AMERICAN COOPERATION AGREEMENT FUNCTIONING BUT FINDS THAT THE BRADFORD/BILINSKY MEMORANDUM HAS SEVERALY CIRCUMSCRIBED ROOM FOR MANEUVERS. THE MORE THEY SUGGEST THAT NO SOLUTION WILL BE FOUND THE HARDER IT WILL BE TO CONTINUE COOPERATION. IN THIS RESPECT SETHNA SAID HE AGREED FULLY WITH COMMISSIONER KENNEDY'S REMARKS THAT THE NRC DISAPPROVAL WILL MAKE IT HARDER TO ACHIEVE OUR NONPROLIFERATION OBJECTIVES.

7. SETHNA POINTED OUT THAT IN TRYING TO ALTER THE PRESENT AGREEMENT TO PROVIDE FOR SAFEGUARDS IN PERPETUITY FOR FUEL

ALREADY SHIPPED OR WHICH MIGHT BE SHIPPED IN THE NEXT 18 MONTHS, BRADFORD AND GILINSKY ARE CREATING A PROBLEM WHERE ONE NEED NOT EXIST. AS REGARDS THE TAPS REACTORS HE SAID THAT THERE REALLY IS NOT LONG TERM PROSPECT FOR OPERATING THEM WITHOUT SAFEGUARDS BECAUSE FUEL MUST COME FROM ABROAD AND NO PROSPECTIVE SUPPLIERS WOULD FURNISH IT UNLESS SAFEGUARDS WERE MAINTAINED. MOREOVER, HE POINTED OUT THAT INDIA HAD LEFT DE FACTO SAFEGUARDS ON RAPP I WHEN CANADA HAD ABROGATED ITS COOPERATION AGREEMENT WITH INDIA. MANY PEOPLE IN INDIA HAVE TAKEN THE BRADFORD/ GILINSKY REMARKS AS A CHALLENGE TO SHOW THAT THE REACTORS CAN BE OPERATED BY INDIA WITHOUT SAFEGUARDS AND WITHOUT EXTERNAL ASSISTANCE. UNQUOTE

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PAGE 01 NEW DE 07506 02 OF 02 221725Z
ACTION NEA-11

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R 120842Z MAY 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 1564

C O N F I D E N T I A L SECTION 2 OF 2 NEW DELHI 7506

STADIS////////////////////////////////

C O R R E C T E D C O P Y (TEXT PARA 8)

FOLLOWING RECD FM BOMBAY SENT NEW DELHI DATED MAY 11, 1978
BEING RPTD TO YOU.

QUOTE

C O N F I D E N T I A L SECTION 2 OF 2 BOMBAY 1150

8. AS A RESULT SETHNA SAID THAT HE HAS HAD TO RESURRECT HIS PRNHECT FOR A MIXED OXIDE FUEL. THIS IN TURN, OF COURSE, RAISES THE REPROCESSING ISSUE ON WHICH BRADFORD AND GILINSKY HAD PUT SO MUCH EMPHASIS. SETHNA SAID THAT THE FINANCIAL COST AND TECHNICAL DIFFICULTIES FOR A MIXED OXIDE FUEL MADE FROM THE HIGHLY IRRADIATED BWRS AT TARAPUR REMAIN FLDMIDABLE. NEVERTHELESS HE WILL HAVE TO AT LEAST RUN THIS PROPOSAL THROUGH THE PLANNING STAGES

ONCE AGAIN. IF THE "COST BE DAMNED" SCHOOL OF THOUGHT

ODHAS ITS WAY HE MAY ACTUALLY HAVE TO BUILD A PRODUCTION FACILITY FOR THIS VENTURE. HE BELIEVES THAT THERE IS ENOUGH ENRICHED URANIUM AND PLUTONIUM IN THE TARAPUR SPENT FUEL TO RUN THE REACTORS FOR TWO ADDITIONAL YEARS
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PAGE 02 NEW DE 07506 02 OF 02 221725Z

IF THESE ELEMENTS CAN BE SUCCESSFULLY FABRICATED INTO FUEL ASSEMBLIES.

9. SETHNA AGREED THAT IF THERE WAS TO BE ANY HOPE OF A SHIPMENT AFTER XSNM 1060 SOME METHOD WOULD HAVE TO BE FOUND TO DEAL WITH AT LEAST SOME OF THE CONCERNS RAISED BY BRADFORD AND GILINSKY. HE BELIEVES, HOWEVER, THAT ATTEMPTING TO DEAL WITH THESE KINDS OF PROBLEMS NOW SUGGESTS THAT NO WAY WILL BE FOUND TO KEEP THE AGREEMENT FUNCTIONING AFTER THE 18 MONTH PERIOD EXPIRES UNDER THE 1978 NONPROLIFERATION ACT. HE SAID THE PRIME MINISTER IS DEADSET AGAINST INDIA TAKING ANY ACTION THAT INDICATES IT DOES NOT BELIEVE THAT THE US WILL LIVE UP TO WHAT PRIME MINISTER REGARDS AS A SOLEMN OBLIGATION TO CONTINUE SUPPLYING FUEL AS LONG AS INDIA ABIDES BY THE TERMS OF THE 1963 AGREEMENT.

10. NEVERTHELESS SETHNA SAID HE INTENDS TO PROPOSE A NUMBER OF ALTERNATIVES IN NEW DELHI WHICH THE PRIME MINISTER MIGHT USE TO DEFUSE INDIA'S AMERICAN CRITICS WHO WORRY SO MUCH ABOUT THE PROLIFERATION HAZARDS OF SPENT FUEL IN INDIA. BUY-BACK WOULD BE ONE OF THESE, BUT ONE MUST REMEMBER THAT INITIALLY THIS DEVICE WAS CONCEIVED AS A MEANS OF GUARANTEEING A CONTINUING SUPPLY OF FUEL FOR INDIA. NOW THAT OBVIOUSLY WOULD HAVE TO BE SOMETHING MUCH LESS. WHETHER IT COULD BE RESURRECTED IN THE NEW CONTEXT IS QUESTIONABLE BUT IT IS HARD TO FIND ANY ALTERNATIVE THAT OFFERS MUCH HOPE.

1. IN ANY CASE SETHNA SAID THERE IS NO POSSIBILITY OF INDIA GIVING THE BLANKET ASSURANCES ASKED FOR BY BRADFORD AND GILINSKY REGARDING NO PNE, NO REPROCESSING AND PERPETUAL SAFEGUARES ON FUEL AND SPECIAL NUCLEAR MATERIALS, UNLESS INDIA GETS SOMETHING IN RETURN. HE WAS NO POSSIBILITY OF
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PAGE 03 NEW DE 07506 02 OF 02 221725Z

INDIA GIVING THESE KINDS OF ASSURANCES FOR THE 7.6 TONNES PROVIDED FOR IN XSNM 1060. HE SEEMED TO BE THINKING,

HOWEVER, THAT IT MIGHT BE POSSIBLE FOR INDIA TO FOREGO REPROCESSING OF TARAPUR SPENT FUEL IF WE SUPPLIED THE EQUIVALENT IN FRESH ENRICHED URANIUM (ABOUT TWO YEARS SUPPLY) IN A TRADE-OFF WHICH WOULD PROVIDE FOR THE RETURN OF THE TARAPUR SPENT FUEL.

12. IN CLOSING, SETHNA NODDED THAT ANY SOLUTION, EVEN AN INTERIM ONE, WILL CALL FOR CONSIDERABLE CONCESSIONS ON BOTH SIDE. HE WAS NOT AT ALL OPTIMISTIC THAT NEW DELHI WOULD BE INCLINED TO MAKE MOVES WHICH WOULD BE WIDELY INTERPRETED IN INDIA AS KNUCKLING UNDER AMERICAN PRESSURE. EVEN THOUGH SOME OF THE SOLUTIONS WOULD ACTUALLY BE BENEFICIAL IN RESOURCE TERMS TO INDIA, THEIR POLITICAL COSTS MIGHT BE TOO HIGH FOR NEW DELHI PARTICULARLY IF CONGRESSIONAL ACTIONS TO OVERRIDE THE PRESIDENT'S EXECUTIVE ORDER RAISED THE DECIBLE LEVEL OF THE DEBATE. HE ASKED ME TO CHECK BACK WITH HIM ON HIS RETURN FROM NEW DELHI ON MAY 15.
COURTNEY

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